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SUBJECT: VISIT TO VIETNAM BY SENIOR AG BIOTECH ADVISOR SHARON
WIENER

Ref: Hanoi 198

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11. (SBU) Summary: Senior Advisor for Agricultural Biotechnology Sharon Wiener visited Vietnam from January 23 to 26 during an important moment in the country's agbiotech development. The advance of agbiotech is an official national priority in Vietnam. In August 2005, the Prime Minister issued a decree which for the first time addresses the testing and commercialization of biotechnology products. Drafting of implementing regulations, however, has proceeded slowly. The Ministry of Agriculture and Rural Development (MARD) expects the regulations on field trials to be issued by March. Still, a conflict with the Ministry of Health (MOH) and the Ministry of Natural Resources and Environment (MONRE) over environmental, food and feed safety standards will delay the regulations allowing for commercialization until an unspecified later date. Moreover, a shallow knowledge base, poor facilities, and the institutional biases of leaders at MOH and the Vietnam Food Administration (VFA) are holding up development of the industry. Despite the delay, Vietnamese officials were generally receptive to Ms. Wiener's message urging the adoption of transparent, predictable and science-based regulations (including effective protection of intellectual property rights) that would allow quick development of the biotechnology industry. Following the visit, Vietnam's immediate need is for a technical assistance project to help the GVN finish drafting its regulations. Post submitted such a proposal on January 30 (reftel). End Summary.

12. (U) Ms. Wiener visited Ho Chi Minh City (HCMC) and Hanoi on January 22 to 26 to promote the development of agricultural biotechnology and urge the government of Vietnam to implement its ambitious biotechnology goals and develop regulations that would serve to facilitate the commercialization of the industry. Her meetings were as follows:

In HCMC:

- Institute of Agricultural Technology of Southern Vietnam
- Biotechnology Center of HCMC
- Quang Dung Company (distributor of Bunge Grains)
- Genetics and Gene Bank Department of Cuu Long Rice Research Institute
- Institute of Tropical Biology
- Vietnam Cotton Company
- Monsanto
- Local media

In Hanoi:

- Ministry of Agriculture and Rural Development (Vice-Minister)
- Ministry of Science and Technology (Vice-Minister)
- Ministry of Foreign Affairs
- Office of the Government (the Prime Minister's Office)
- Vietnam Food Administration (under the MOH)
- Ministry of Environment and Natural Resources
- University of Agriculture No. 1
- National Seed Company (VINASEED)
- National Agriculture Institute
- Vietnam Agriculture Academy of Sciences
- Local media

GVN POSITION ON AGBIOTECH - SOME INTERNAL CONFLICT

13. (SBU) The GVN officially has identified the development of biotechnology as a national priority and set specific (and very ambitious) goals for agbiotech production. The Prime Minister approved in August 2005 Decree 212 that for the first time creates a legal framework for the approval of biotechnology products. The GVN's naming biotech as one of four priority technology sectors for 2007 has helped to boost the development of the industry. Decree 212 includes terms on the holding of both field trials and food and feed safety certification. The decree delegates overall coordination to the Ministry of Natural Resources and the Environment (MONRE) but provides the Ministries of Health (MOH), Science and Technology (MOST), and Agriculture and Rural Development (MARD) with oversight on various aspects of the commercial use of biotech products. Despite the ambitious nature of Decree 212, the Government of Vietnam (GVN) has still not issued its implementing regulations, which will contain field trial instructions and lay out safety and environmental standards for product approval. Field trials and legal commercial production of biotechnology products can only begin once the implementing regulations are promulgated, a process that will require review by relevant GVN Ministries. MARD will regulate field tests, review results and certify biotech crops

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for production. The MOH has purview over food safety certification, required prior to sale. Later in 2007, the GVN, with MONRE in the lead, will also draft a new biodiversity law to be passed by the National Assembly.

14. (SBU) The regulation drafting process meant that Ms. Wiener's visit came at a critical moment for biotech in Vietnam, particularly because a conflict has emerged in recent months between pro-biotech sectors of government (including officials at MARD, the Office of the Government (OOG), research institutions and universities) and more cautious elements (within MOH, MONRE, and the Vietnam Food Administration (VFA)). While all GVN officials told Ms. Wiener they unequivocally support the development of the sector in line with the Prime Minister's decree, the latter group wishes to impose stricter standards regarding environmental risk assessment, as well as food and animal feed safety, while the former is more confident as a result of the last 11 years of biotech experience. These differences were highlighted during a recent visit to Vietnam by Val Giddings, a consultant for the U.S. Department of Agriculture, who had come to Vietnam to work with officials at MARD, VFA and MONRE with the tenth draft of the field trials regulation one week prior to Ms. Wiener's visit. This conflict also provided the backdrop for Ms. Wiener's meetings in both cities.

PROMOTION OF THE U.S. POSITION

15. (SBU) Ms. Wiener began her meetings with a short introduction on U.S. policy on agricultural biotechnology. The United States State Department created the Senior Biotech Advisor position because the technology has the potential to have a deep, positive impact on the developing world and on food security, which are foreign policy priorities of the United States, Ms. Wiener said. With the world's population continuing to grow and environmental concerns mounting, the adoption of biotechnology (BT) in agriculture can help countries grow more food on less land and with less water. It also allows for decreased pesticide use. Ms. Wiener also noted some of the key

statistics outlined in the 2006 annual report by the International Service for the Adoption of Agri-biotech Applications (ISAAA) report. For example, more than 90 percent of the 10 million farmers growing biotech crops last year were small farmers from the developing world.

¶6. (SBU) Turning to issues in Vietnam, Ms. Wiener congratulated her counterparts for Vietnam's recent WTO entry, noting the importance of drafting transparent, predictable and science-based regulations consistent with the country's WTO commitments. She noted that Vietnam has the potential to become a leader in agricultural biotechnology for Southeast Asia, but only if Vietnamese regulations take due regard of product safety and facilitate approvals rather than create obstacles that discourage the industry. Emphasizing that no scientific studies had found BT crops to be harmful to human health in any way, Ms. Wiener reiterated throughout her discussions the importance of public opinion. Developing the industry will be difficult if inaccurate information on biotechnology is allowed to take root, she said. Ms. Wiener also raised the recent WTO ruling on the biotech case which the United States, Argentina and Canada had brought against the EU. The WTO's ruling in favor of the U.S. and its co-complainants should send a signal to countries like Vietnam that efforts to restrict trade in biotech products were inconsistent with the WTO. She also noted figures in the recent ISAAA report indicating a five-fold increase in genetically modified (GM) crop acreage in Europe from 2005-2006.

¶7. (SBU) Ms. Wiener also urged officials to approve regulations quickly so that field trials and commercialization can start soon. The standards for already tested products such as BT corn should be lower than those for new, untested products that Vietnam developed, she asserted, noting that Monsanto has an application pending (in conjunction with the HCMC Agriculture Genetic Institute and Biotechnology Center) for field trials of Roundup Ready Corn. The greatest risk, she concluded, was that Vietnam would not take advantage of agricultural biotechnology, foregoing the clear benefits these products provide just as Vietnam's agriculture industry needs to become more competitive as a member of the WTO. Ms. Wiener commended officials for the GVN's efforts on agbiotech thus far. She noted the active Vietnamese participation in the recent APEC High Level Policy Dialogue on Agricultural Biotechnology and urged Vietnam to coordinate with other countries that might serve as models, in particular the Philippines, as it took its next steps to further its biotech agenda. She asked all her interlocutors about their sense of the government's progress on the issuance of regulations for Decree 212. The following paragraphs outline her discussions with key officials.

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MINISTRY OF AGRICULTURE

¶8. (SBU) Ms. Wiener's meeting with MARD Vice Minister Bui Baa Bong demonstrated that he is a strong advocate of agricultural biotechnology, though the Ministry's planned timeline for development of ag biotech products is slower than expected. Regarding the regulatory framework, Bong said MARD aims to finish the implementing regulations for field trials in March. The Ministry aims to have commercialization of biotech crops by 2011, widespread cultivation by 2015 and 70 percent cultivation of approved biotech crops by 2020. Though pleased about the impending issuance of regulations, Ms. Wiener stressed that the timeline was "slower and more pessimistic" than she had expected. Foreign firms have said they may not be willing to remain in Vietnam if commercialization cannot start soon, she stressed. Bong, however, pushed back, saying that "history is long." "We would like to run fast, but we are weak." Bong then added that if the United States wants Vietnam to move faster, it will have to provide the GVN with resources to do so.

¶9. (SBU) Vice Minister Bong noted that the ministry was considering two options for field trials: allow either three biotech crops to be tested, or just one. The three crops would be cotton, soybean and maize, though he stressed it was possible that only one crop would be approved, Bong said. (Note: It is understood that this crop

would be cotton. Experts believe Vietnam already grows as much as 20,000 hectares of pirated biotech cotton, likely smuggled from India, which Vietnam wants to legalize. Monsanto told Ms. Wiener in HCMC it has no interest in working in Vietnam with biotech cotton because its intellectual property rights for biotech cotton could not be guaranteed. Because Vietnam is the world's second largest rice exporter, and does not wish to risk its markets in Japan and the European Union, it is not likely to include biotech rice as a test crop at this time. None of the other three products, however, would present biotech export challenges for Vietnam; cotton is not a food product, while neither maize nor soy is exported. End Note.) When Ms. Wiener asked Bong if an expedited approval process could be applied to imported biotech products which have already been found safe and approved in other countries, Mr. Bong said, "This is under consideration."

¶10. (SBU) Throughout the meeting, Mr. Bong stressed "the gap between the government's promises and its ability" to move forward on biotech, noting the GVN's deficits in human resources, facilities and regulations. The GVN is open to United States assistance, he said, asking for assistance to 1) identify universities which could receive and give tuition "discounts" to Vietnamese students; 2) consult on biosafety and risk assessment, including reviewing Vietnamese draft regulations; and 3) to identify and develop research projects. In regard to item one, Bong said, the government plans to send 60 students for master's degrees and doctorates in the United States this year. The GVN also needs assistance building facilities and drafting regulations, he said.

THE MINISTRY OF HEALTH: "A BIG MESS"

¶11. (SBU) The MOH and the VFA (under the ministry as the equivalent of the U.S. Food and Drug Administration) provide the greatest impediment to the widespread adoption of commercial biotech in Vietnam, many observers told Ms. Wiener. Decree 212 gives MOH responsibility for food safety approval of biotech products. A shallow knowledge base, poor facilities, and the institutional biases of leaders at both institutions curb their enthusiasm. VFA Director Tran Dang is particularly hostile to commercial biotechnology, said Weraphon Charoenpanit, Chief Representative for Monsanto in HCMC. "The Minister of Health (Tran Tri Trung Chien) does not want to have GM food in Vietnam," added Le Huy Ham, the acting Director General of the Institute of Agricultural Genetics at the Vietnam Academy of Agriculture Sciences in Hanoi. Dr. Bui Chi Buu, Director of the Southern Vietnam Institute of Agricultural Technology, also blamed a lack of technical capacity and desire to obtain more research funding for the MOH's reluctance to move forward.

¶12. (SBU) Notwithstanding differences of opinion, the tone of Ms. Wiener's meeting with VFA was positive. Deputy Director Nguyen Hung Long stated unequivocally: "We have no problem with GMOs (genetically modified organisms), but we have to prepare guidelines on a scientific basis." He also admitted frankly that the agency was hampered by a lack of knowledge about biotechnology. Still, Long defended a set of positions including rigorous testing for

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imported products and biotech product labeling. Ms. Wiener noted that no adverse health effects had ever been demonstrated from BT products currently approved for commercialization, but Long noted that decree 212 directed officials to "confirm" product safety. He defended labeling on the basis of the public's "right to know" about "a totally new product." Ms. Wiener pointed out that in the U.S., there is no requirement to label the process. Ms. Wiener added that the VFA should try to avoid creating a regulatory regime that was so cumbersome that it would be economically prohibitive to plant or sell biotech crops. Despite these differences, VFA officials expressed a clear desire for greater cooperation with the United States to help overcome their lack of information as they sought to develop food safety guidelines. Ms. Wiener noted that the United States looks forward to working with the Vietnamese administration on the issue.

PUBLIC PERCEPTIONS ON BIOTECH: A "BLANK PAGE," FOR NOW

¶13. (SBU) While promulgating a regulatory regime is Vietnam's most immediate issue, the shadow of public perception of biotech products hung over Ms. Wiener's meetings. In HCMC, officials told her public opinion was unimportant due to the top-down policy making process in Vietnam. Ms. Wiener repeatedly emphasized that while public opinion may not seem to be an important driver of policy in Vietnam, the issue of the public opinion of biotech was vital in a market economy where consumer preferences dominate. While currently Vietnam is a "blank page" in terms of public perceptions of biotechnology, pro-biotech organizations need to act fast before groups hostile to biotech begin to act, said Biotechnology Center Deputy Director Binh in HCMC.

¶14. (U) Local HCMC media who spoke with Ms. Wiener and officials at the Institute for Tropical Biotechnology were not well-versed in biotech issues, but expressed their interest in spending more time with Ms. Wiener and learning more about the future of biotech in Vietnam. The Consulate General has to date seen little follow-up, however, with only a short piece in Tuoi Tre (Youth) online newspaper about Ms. Wiener's visit, and a promised upcoming feature on biotech crops to appear on VietnamNet.

¶15. (U) Journalists who attended her roundtable discussion in Hanoi on January 26 seemed more familiar with biotech issues and raised a number of good questions during her one hour press interaction. Ms. Wiener provided an excellent background of U.S. biotech efforts and an overview of our cooperation with Vietnam on various technical issues, including regulation development. The journalists, representing several major publications and a prominent online news service, raised issues such as EU concerns about biotech crops, U.S. assistance toward Vietnam's development of biotechnology, and some of the major challenges facing Vietnam in this arena. Coverage was good over the weekend, with several papers printing summaries of her visit and press event. Nong Thon Ngay Nay included a large portion of the interview transcript with the headline, "Vietnam Has Potential to Develop Genetically Modified Crops."

¶16. (SBU) Officials at MONRE hinted that biotech opponents had approached them. The VFA's statements on health risks and the consumer's right to know were reminiscent of the arguments commonly put forward by BT opponents. Still, MONRE officials noted they had "their own ideas," and were not easily swayed. Officials at both the Office of the Government (also known as the Prime Minister's Office) and the Ministry of Foreign Affairs eagerly agreed with Ms. Wiener's assessment that a strong public information campaign must be mounted in Vietnam to set a positive course for biotech opinion. The officials had no concrete plans for these campaigns, however.

¶17. (SBU) Seed companies noted that demand from farmers is also minimal. Ly Anh Dung, Director of Quang Dung Company, an importer of soy and corn, cited a lack of information on biotech as the reason. He posited that this could change, however, when farmers see proof of the benefits that commercial biotech crops offer.

INDUSTRY CONCERNS

¶18. (SBU) Ms. Wiener's meetings with foreign biotechnology companies demonstrated that they are unlikely to remain active in the country for long unless the GVN takes a more proactive approach to protecting intellectual property rights (IPR). She advised that the field trial risk assessment and food and feed safety standards, and the speed by which commercialization can begin, will be key for foreign investors. In HCMC, Monsanto criticized the GVN's lack of

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IPR protections and accused state-owned enterprises of attempting to steal products for use and distribution. The firm told Ms. Wiener it has no interest in testing or selling genetically modified cotton because biotech cotton is already being cultivated illegally in Vietnam. During Ms. Wiener's visit to the Vietnam Cotton Corporation (VCC), the firm confirmed such cultivation. VCC indicated it had purchased biotech cotton grown in Vietnam and

received funding by the GVN to develop additional genetically modified strains.

¶19. (SBU) While officials admitted weak IPR protections and MARD, VFA and others did not know what standards would apply to imported biotech product, officials -- particularly in the OOG -- expressed a positive attitude toward foreign investors. "We want to move forward, and if we have to rely on Vietnamese scientists, this will take a very long time," said Pham Quoc Doanh, the Deputy Director of the Department of Agriculture at the OOG. Doanh pointed out that the Prime Minister had emphasized three important tasks for 2007 -- to achieve high-growth, to carry out administrative reform and to fight corruption -- and said these priorities would benefit agbiotech. "In case you know of investors facing problems with administrative procedures, ask them to forward their cases to the OOG," he said.

Comment

¶20. (SBU) Ms. Wiener's visit comes at a time when a small amount of well placed assistance can be leveraged for long-term benefits. While the USG is playing a positive role in shaping GVN policy, we need to continue working with the GVN to ensure that regulations are written which facilitate biotech development. Post has submitted a proposal (Reftel) for use of EB's FY 2007 Agriculture Biotech Outreach Funds to assist with GVN's drafting of biotech regulations.
End Comment.

¶21. (U) Senior Advisor Wiener cleared this cable.

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